Company Registration No. 10900392

Topco Oasis Limited

Annual Report and Financial Statements

Period Ended 31 March 2020

Contents

Topco Oasis Limited
Officers And Professional Advisers

Directors
I Armitage
C S Hamilton
R J W Jones
J G Logan
R Hurd-Wood
L J Stone
G M Ell
D G Hanley (resigned 13th May 2020)
M S Randhawa (resigned 17th April 2020)

Registered office
Avalon House
1 Savannah Way
Leeds Valley Park
Leeds
LS10 1AB

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Incorporated on 4 August 2017

Domiciled and registered in the United Kingdom.

Topco Oasis Limited
Strategic Report

The directors present the audited consolidated financial statements of Topco Oasis Limited and its subsidiaries ("the Group") for the 15 month period ended 31 March 2020.

Principal activities

The principal activity of the Group is the development and sale of software for internet security. The principal activity of the Company is a holding company.

Review of the business and key performance indicators

The Group's strategy is to build a strong resilient business, with increasing revenues and good cash generation. This requires us to provide the products, services and support that customers' need to meet their business requirements or legislative needs, thus driving customer satisfaction.

The Directors consider that the statutory financial statements do not accurately reflect the trading position of the company due to the different treatment of revenues and costs under UK accounting standards compared to a cash basis. All costs, including those of software development and sales commissions, are recognised in the profit and loss account as they are incurred. In contrast, sales of software licences and support contracts, which constitute approximately 80% of the value of a typical contract, are credited to a deferred revenue balance sheet account. These revenues are then released to the profit and loss account in equal monthly instalments over the life of the contract. With approximately 90% of contracts being for three or more periods and the continuing growth in overall sales, the deferred revenue account continues to grow, as more revenue is deferred per period than is released from sales made in previous periods.

The directors manage the company on a cash accounting basis and thus we provide the following abbreviated non-statutory results complied without application of our GAAP compliant revenue recognition policies:

Consolidated P&L
Non-GAAP (excluding deferred revenue)
(Unaudited)

	GROUP Period ended 31-Mar-20	**GROUP Period ended 31-Dec-18**
	£	**£**
Turnover excluding deferred and accrued revenue	15,054,401	18,376,387
Cost of Sales	(4,159,609)	(3,345,974)
Gross Profit	10,894,802	15,030,413
Admin Expenses excluding share options	(19,805,615)	(17,526,711)
Management Accounts - Operating Loss	**(8,910,813)**	**(2,496,298)**
Reconciliation to Statutory P&L		
Deferred Revenue	1,455,379	(1,289,397)
Accrued Revenue	120,724	
Exceptional Items	(17,712)	(2,159,828)
Other Income	174,974	-
Statutory Financial Statements Operating Loss	**(7,177,447)**	**(5,945,523)**
EBITDA (using management accounts basis)	(4,739,297)	1,529,630
EBITDA %	-3%	8%
Closing Cash Balances	776,697	1,172,367

Topco Oasis Limited
Strategic Report

Commentary

Costs in general have increased due to 2020 being an extended accounting period, 15-months, in comparison to the 12-month period in 2018. Several hosting costs and subscriptions have increased due to the increased usage of cloud-based products and technology and the development of such systems. Many one-off costs, such as professional and recruitment fees, have also been incurred as a result of the closure of the Fareham office in the prior financial year.

In early 2019 we continued the work that had begun in 2018 of upgrading our internal systems. During this period we worked on migrating our CRM and Finance systems, as well as a variety of other internal systems to improve our management information and team productivity throughout the company. We had a very busy period in product development, releasing the first customer facing versions of Cloud Filter and Classroom Management to customers in March and April. At the same time we worked on back-end re-engineering of our Monitor – Managed Service proposition.

In summer 2019 we acquired a business called Safeguard Software, one of the leading companies in the UK servicing the regulated market for record-keeping of safeguarding incidents in schools. Safeguard was rebranded as Smoothwall Record Manager and continued to be sold as a standalone product, though benefiting from a technical integration with our Monitoring service.

In late 2019 we started the work to be ready to remove a key supplier from our Monitoring service, pending the outcome of contract renegotiations. When those did not produce a satisfactory outcome we were ready and able to migrate away, which began in early 2020.

Towards the end of 2019 we saw our opportunity growing in the US, as Cloud Filter and Classroom Management were increasingly capable of being deployed in a wide range of configurations to suit different customer environments. We commenced some additional sales hiring in the US towards the end of the calendar year to prepare for the 2020 selling season. We also moved offices to a fantastic new central city location in Charlotte, perfect for attracting more talent from around the area.

In early 2020 we were proud that one of our customers won the BETT Impact Award for their use of our MMS product, with a submission video that we shot and submitted for them. The customer talked about a 400% increase in serious incidents uncovered. We also won our second consecutive Best Companies Award, this time gaining Three Stars (considered "Exceptional") and a special award for the company that had risen the highest number of places in the rankings, of all entrants.

In March 2020, the signs of the pandemic across Europe were impossible to miss. We began preparations for working from home, conducting a trial-run and subsequently choosing to send staff home a few days before the government made it mandatory. In the last weeks of March we spent considerable time making a variety of contingency plans, given the pandemic was new and nobody knew what would happen next.

Looking Ahead

The pandemic introduces significant uncertainties, so whilst we benefit from a customer base that is government-backed and relatively resilient (i.e. the customer base isn't going away, unlike in other industries like hospitality and travel), our customer base is itself dealing with a high degree of uncertainty (what do lock down rules mean for education) and needing to break new ground (remote learning and dealing with an explosion of devices). Therefore we expect our customers to be slow to adopt non-emergency new technologies in the early months of the pandemic. We remain confident that the sector will bounce back as schools, teachers and IT departments adapt and both teachers and students become accustomed to new ways of working. We are taking steps inside the business to reduce our cost base accordingly, via a combination of staff costs (e.g. reductions in force, government support for workers where possible, salary reductions) and non-staff costs (e.g. supplier negotiation or termination, consolidation, better contractual terms etc). We have a number of levers we can pull to adjust the cost base quickly and sustainably. In the medium term we expect to see demand for our services bounce back and even increase as the proliferation of new devices will require appropriate filtering and monitoring, and therefore we remain confident in our core product offerings and business strategy.

Post reporting date events

On 12th June 2021, the Group completed the acquisition of Ensco 1227 Limited, itself the holding company for eSafe Global Limited, trading as eSafe. The acquisition was for 100% of the share capital of Ensco 1227 Limited for a total cash consideration of £3.8m. This was entirely funded through new Loan Notes issued by Bidco Oasis Limited, a subsidiary owned by Topco Oasis Limited, to Tenzing.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:
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G M Ell
Director

17 July 2021

Topco Oasis Limited
Directors' Report

The directors present their annual report and audited consolidated financial statements of the Group and Company for the period ended 31 March 2020.

Principal Risks and uncertainties

The Group and Company face a number of risks associated with day-to-day operations, technology and the execution of its strategy. The principal risks are identified below with appropriate mitigation.

Technology risks

Long-term revenue growth requires us to deal with a wider range of customer segments. Whilst these products share many basic requirements such as ease of use and reliability, there are also some substantive differences Our customers' demands for safeguarding students are becoming more sophisticated and Smoothwall must continue to enhance its product set to properly address these needs.

Smoothwall has been early or first to market with technology responding to changes in the market, such as beingone of the first to support the use of encrypted web traffic. With more new web and internet technologies on thehorizon, our R&D team must deliver the innovation that will ensure that present and new customers continue toregard Smoothwall as the best choice for their security and web filtering needs.

Financial Risks

The Group's operations expose it to a variety of financial risks, including foreign exchange rate risk, credit risk and liquidity risk. The Group has controls in place that seek to minimise any potential adverse effects of such risks on the Group's financial performance. These controls are as follows:

Currency Risk/Foreign Exchange risk

Part of our currency risk is minimised by having a direct operation in our major market in the USA, therefore matching liabilities and assets in the local currency.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that aredenominated in a currency that is not the Company's local currency. Cash balances in the bank are monitored inline with future liabilities and exchange movements.

Credit risk

As a large proportion of the customer base is public sector, the risk of customers failing to pay their debts is low,as evidenced by our relatively low provision for bad debtors and limited experience of bad debts.

Liquidity risk

Being largely a software and services business it is not capital intensive. We continue to address liquidity risksthrough a careful focus on the control of overheads, cash management, debtor and creditor control. The Grouphas maintained positive bank balances for many years.

Strategy execution risks

With differing needs across the various market segments that we serve, coupled with dynamic market conditions,the primary risk to strategy execution is for focus to be drawn from core products in an effort to try and deliver improvements for everyone. What is clear, however, is that as we continue to improve the ease of installation, usability and supportability of our products, this provides an excellent foundation forgrowth.

Human Resources Risks

The skills, knowledge and experience of our people are the underpinning of our success. As a growing business it is unavoidable for this knowledge to be concentrated in a number of key individuals both on the technical andcommercial sides of the organisation.

Mitigation of these risks falls into two key areas. Firstly, by offering professional development to all members ofthe team, both to develop the management capabilities of more senior people and to share knowledge with junior members of the team. Secondly, by maintaining our monitoring of market salary and benefits packages, informing us of what we need to do in order to keep pace with movements as labour markets become more competitive.

Results and dividends

The results of the group for the 15 month period ended 31 March 2020 are shown on page 10. Consequently the profit and loss account for the prior period is not directly comparable to the current period.

No ordinary dividends were paid during the period. The directors do not recommend payment of a final dividend.

Going concern

These financial statements have been prepared under the assumption that the Group and Company will continue as a going concern. The Group is in a net current liability and net liability position as a result of its deferred income balances and its long-term debt structure. The Group has a positive cash position both at the balance sheet date and at the date of signing, and the directors have prepared cash flow forecasts for the period to March 2024 that show that the Group will continue to generate positive cash flows over this period. These forecasts have been stress tested to include a severe but plausible downside scenario and even under this scenario, the entity is able to fund its ongoing trading liquidity requirements from its existing cash resources. There are therefore no concerns regarding the Group's ability to continue as a going concern.

In October 2017, Tenzing, one of the UK's leading mid-market technology investors, acquired a majority stake in the Group. As is normal course for a financial investor, Tenzing may realise their investment at any stage via a sale of the Group. As one of the leading providers of digital safety solutions in Education, the Group has received multiple approaches in past years, and more recently a number of offers from potential investors who are attracted to its high-quality products, geographical reach, people and growth prospects. These potential investors are seeking to acquire the Group, with a view to continuing to invest and grow the business.

At the time of signing the financial statements, discussions regarding a potential sale of the Group are actively underway and whilst there can be no certainty that a sale goes ahead, a sale could potentially conclude in relatively short-order. Because not all future events or conditions can be predicted, the existing directors cannot fully assess whether the going concern basis of accounting will remain appropriate for the Group and Company after a potential sale. This indicates the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern beyond the date of sale. Were it not for the discussions with potential investors, then there would be no such uncertainty. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Directors

The directors who held office during the period and up to the date of signature of the financial statements wereas follows:

I Armitage
C S Hamilton
R J W Jones
J G Logan
R Hurd-Wood
L J Stone
G M Ell
D G Hanley (resigned 13th May 2020)
M S Randhawa (resigned 17th April 2020)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

On behalf of the board

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G M Ell
Director
Date: 17 July 2021

Independent auditors' report to the members of Topco Oasis Limited

Report on the audit of the financial statements

Opinion

In our opinion, Topco Oasis Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2020 and of the group's loss and cash flows for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2020; the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the concolidated and company statements of changes in equity for the 15 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern - Group and Company

In forming our opinion on the Group and Company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3.4 to the financial statements concerning the group and company's ability to continue as a going concern. At the time of signing the financial statements, discussions regarding a potential sale of the Group and Company are actively underway and whilst there can be no certainty that a sale goes ahead, a sale could potentially conclude in relatively short-order. Because not all future events or conditions can be predicted, the existing directors cannot fully assess whether the going concern basis of accounting will remain appropriate for the Group and Company after a potential sale. This indicates the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern beyond the date of sale. Were it not for the discussions with potential investors, then there would be no such uncertainty. The financial statements do not include adjustments that would result if the Group and Company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew McIntosh

Andrew McIntosh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
17 July 2021

Topco Oasis Limited
Consolidated profit and loss account for period ended 31 March 2020

	Note	Period ended 31 March 2020	Period ended 31 December 2018
		£	£
Turnover	5	16,630,515	17,039,949
Cost of sales		(4,159,599)	(3,298,933)
Gross profit		12,470,916	13,741,016
Other Income		174,974	-
Administrative expenses		(19,805,625)	(17,526,711)
Operating loss before exceptional items		(7,159,735)	(3,785,695)
Exceptional items	6	(17,712)	(2,159,828)
Operating loss	7	(7,177,447)	(5,945,523)
Interest payable and similar expenses	8	(1,012,204)	(1,021,725)
Loss before taxation		(8,189,651)	(6,967,248)
Tax on loss	11	251,273	368,504
Loss for the financial period		(7,938,378)	(6,598,744)

All activities derive from continuing operations.

Consolidated statement of comprehensive income for period ended 31 March 2020

	Period ended 31 March 2020	Period ended 31 December 2018
	£	£
Loss for the financial period	(7,938,378)	(6,598,744)
Exchange difference on translation	(4,896)	(220,066)
Total other comprehensive expense relating to the period	(7,943,274)	(6,818,810)

Topco Oasis Limited
Consolidated balance sheet
As at 31 March 2020

	Note	As at 31-Mar-20 £	As at 31-Dec-18 £
Fixed assets			
Intangible assets	12	2,763,308	4,431,778
Goodwill	12	10,827,499	12,574,485
Tangible assets	13	215,207	241,457
		13,806,014	17,247,720
Current assets			
Inventories	15	484,180	371,167
Debtors	16	3,940,305	7,160,493
Cash at bank and in hand		776,697	1,172,367
		5,201,182	8,704,027
Creditors: amounts falling due within one year	17	(12,620,020)	(12,023,271)
Net current liabilities		(7,418,838)	(3,319,244)
Total assets less current liabilities		6,387,176	13,928,476
Creditors: amounts falling due after more than one year	18	(21,059,592)	(20,649,302)
Net liabilities		(14,672,416)	(6,720,826)
Capital and reserves			
Called up share capital	24	897	980
Share premium account		88,771	97,004
Accumulated losses		(14,762,084)	(6,818,810)
Total shareholders' deficit		**(14,672,416)**	(6,720,826)

The financial statements on pages 10 to 29 were approved by the Board of Directors on 17 July 2021 and signed on its behalf by:

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G M Ell

Director

Topco Oasis Limited
Company balance sheet
As at 31 March 2020

	Note	As at 31-Mar-20	As at 31-Dec-18
		£	£
Fixed assets			
Investments	14	77,046	77,046
		77,046	77,046
Current assets			
Debtors	16	43,616	47,519
Cash at bank and in hand		1,003	-
		44,619	47,519
Creditors: amounts falling due within one year	17	(349,155)	(197,094)
Net current liabilities		(304,536)	(149,575)
Net liabilities		(227,490)	(72,529)
Capital and reserves			
Called up share capital	24	897	980
Share premium account		88,771	97,004
Accumulated losses		(317,158)	(170,513)
Total shareholders' deficit		(227,490)	(72,529)

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The loss for the period was £146,645.

The financial statements on pages 10 to 29 were approved by the Board of Directors on 17 July 2021 and signed on its behalf by:

DocuSigned by:

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G M Ell

Director

Topco Oasis Limited
Consolidated statement of changes in equity for period ended 31 March 2020

	Called up share capital	Share premium account	Profit and loss account	Total Shareholders Deficit
	£	£	£	£
At 31 December 2018	980	97,004	(6,818,810)	(6,720,826)
Issue of share capital	22	2,186	-	2,208
Share buy back/ cancellation	(105)	(10,419)		(10,524)
Loss for the financial period	-	-	(7,938,378)	(7,938,378)
Exchange difference on translation	-	-	(4,896)	(4,896)
At 31 March 2020	**897**	**88,771**	**(14,762,084)**	**(14,672,416)**

Company statement of changes in equity for period ended 31 March 2020

	Called up share capital	Share premium account	Profit and loss account	Total Shareholders Deficit
	£	£	£	£
At 31 December 2018	980	97,004	(170,513)	(72,529)
Issue of share capital	22	2,186	-	2,208
Share buy back/ cancellation	(105)	(10,419)		(10,524)
Loss for the financial period	-	-	(146,645)	(146,645)
At 31 March 2020	**897**	**88,771**	**(317,158)**	**(227,490)**

Topco Oasis Limited
Consolidated statement of cash flows for period ended 31 March 2020

	Note	Period ended 31-Mar-20 £	Period ended 31-Dec-18 £
Cash outflow from operating activities	26	**(932,559)**	**(1,612,086)**
Tax (paid)/received		172,130	(20,563)
Net Cash outflow from investing activities		**(760,429)**	**(1,632,649)**
Purchase of tangible assets	13	(210,511)	(253,679)
Purchase of intangible assets	12	(25,202)	(115,867)
Investments in subsidiaries net of cash acquired	30	(426,592)	(7,052,629)
Net cash outflow from investing activities		**(662,305)**	**(7,422,175)**
Cash inflow from financing activities			
Proceeds from issue of share capital		2,208	97,984
Amounts paid from share capital disposal		(10,524)	
Proceeds from issue of loan notes	19	1,200,000	10,265,434
Redemption of loan notes	19	-	(239,262)
Loan note interest redeemed		(109,884)	(28,946)
Bank loans received	19	-	150,000
Bank loans paid	19	(47,055)	-
Loan interest paid		(5,119)	(2,231)
Bank interest paid		-	(4,407)
Net cash inflow from financing activities		**1,029,626**	**10,238,572**
Net increase/(Decrease) in cash in the period		**(393,108)**	**1,183,748**
Cash and cash equivalents at the beginning of the period		**1,172,367**	-
Exchange gains on cash and cash equivalents		(2,562)	(11,381)
Cash and cash equivalents at the end of the period		**776,697**	**1,172,367**

1. General information

The principal activity of the Group during the period was the development and sale of software for internet security and is expected to remain so for the foreseeable future. The principal activity of the Company is a holding company. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Avalon House, 1 Savannah Way, Leeds Valley Park, Leeds, LS10 1AB.

2. Statement of Compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation

These consolidated financial statements are presented in sterling. They are prepared on a going concern basis and under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 Disclosure exemptions

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. The principal disclosure exemptions adopted by the Company in accordance with FRS 102 are as follows:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirement of Section 33 Related Party Disclosures paragraph 33.7

3.3 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

3.4 Going concern

These financial statements have been prepared under the assumption that the Company and Group will continue as a going concern. The Group is in a net current liability and net liability position as a result of its deferred income balances. The Group has a positive cash position both at the balance sheet date and at the date of signing, and the directors have prepared cash flow forecasts for the period to March 2024 that show that the Group will continue to generate positive cash flows over this period. These forecasts have been stress tested to include a severe but plausible downside scenario and even under this scenario, the entity is able to fund its ongoing trading liquidity requirements from its existing cash resources. There are therefore no concerns regarding the Group's ability to continue as a going concern.

In October 2017, Tenzing, one of the UK's leading mid-market technology investors, acquired a majority stake in the Group. As is normal course for a financial investor, Tenzing may realise their investment at any stage via a sale of the Group. As one of the leading providers of digital safety solutions in Education, the Group has received multiple approaches in past years, and more recently a number of offers from potential investors who are attracted to its high-quality products, geographical reach, people and growth prospects. These potential investors are seeking to acquire the Group, with a view to continuing to invest and grow the business.

At the time of signing the financial statements, discussions regarding a potential sale of Topco Oasis Limited are actively underway and whilst there can be no certainty that a sale goes ahead, a sale could potentially conclude in relatively short-order. Because not all future events or conditions can be predicted, the existing directors cannot fully assess whether the going concern basis of accounting will remain appropriate for the Company and Group after a potential sale. This indicates the existence of a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern beyond the date of sale. Were it not for the discussions with potential investors, then there would be no such uncertainty. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

3.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

3.6 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provisions for impairment. Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

- Leasehold improvements — Straight line method over 3 years
- Fixtures and fittings — Straight line method over 3 years
- Office and computer equipment — Straight line method over 3 years

3.7 Intangible fixed assets

Intangible fixed assets purchased separately from a business are capitalised at their cost. Trademarks purchased by the company are amortised to nil by equal annual instalments over their useful economic lives. Intangibles are currently being amortised on a straight line basis over their useful economic life, as follows:

- Trademarks — Straight line method over 3 years
- Brand — Straight line method over 6 years
- Customer lists — Straight line method over 11 years
- Technology — Straight line method over 2.5 years

Provision is made for any impairment.

3.8 Investments

Fixed asset investments are stated at historical cost less provision for any impairment in value.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

3.10 Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the lease term.

3.11 Research and development

Research and development expenditure is written off in the period in which it is incurred.

3.12 Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3.13 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

3.14 Foreign currency

In accordance with section 30 of FRS102 "foreign currency translation", the transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account. Revaluations of loan amounts in foreign currencies are presented within interest payable and similar charges.

The financial statements have been prepared in sterling, which is the functional currency of the company.

3.15 Defined contribution pension scheme

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3.17 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

3.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.19 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items and are presented within the line items to which they best relate.

3.20 Provisions and contingencies

i. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. In particular restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and & provision is not made for future operating losses.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

ii. Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Deferred revenue

The typical contract length for Smoothwall products is three years (for the installed base), albeit with customers having contracts ranging from 1 year to 6 years plus deferred revenue is calculated by allocating the fair value of the products after discount and apportioning over the license term. It is assumed that the fair value of each element can be estimated reliably. Appliance and implementation sales are recognised when delivered.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent with the application of the revenue recognition policy affect the amounts reported in the financial statements. If different assumptions were used, it is possible that different amounts would be reported in the financial statements.

In the opinion of the directors there are no other critical judgements taken in applying the company's accounting policies.

5. Turnover

	Period ended 31-Mar-20	Period ended 31-Dec-18
Turnover analysed by class of business	**£**	**£**
Sale of Goods	1,941,794	4,246,085
Provision of Services	14,688,721	12,793,864
	16,630,515	17,039,949

	2020	2018
	£	**£**
Turnover analysed by geographical market		
UK	12,703,363	12,836,483
USA	3,190,581	3,319,196
Other	736,571	884,270
	16,630,515	17,039,949

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6. Exceptional Items

	2020	2018
	£	£
Expenditure		
Redundancy costs	-	440,192
Duplicate running costs	17,712	1,179,883
Onerous lease provision	-	406,426
Recruitment costs	-	133,327
	17,712	2,159,828

Exceptional items arose during the year in due to the duplicate office space running costs. A total of £17,712 was incurred which was additional cost in relation to the closure of the Fareham office in the prior year.

7. Operating loss

	Period ended 31-Mar-20	Period ended 31-Dec-18
	£	£
Operating loss is stated after charging/(crediting):		
Amortisation of intangible assets	3,955,921	3,810,897
Depreciation of owned tangible fixed assets	236,761	170,015
Foreign exchange losses	(2,911)	83,138
Compensation for loss of office	-	213,340
Inventory recognised as an expense in the period	2,391,312	2,197,543
Directors' remuneration (see note 10)	946,362	1,026,927
Services provided by the Company's auditors:		
Fees payable for the audit of the Group	105,000	43,900
Fees payable for tax compliance services for the Group	13,200	17,500
Fees payable for the audit of the Company	2,500	2,500
Fees payable for other services of the Company	-	2,000
Operating lease – other	96,149	260,025
Onerous lease provision	-	406,426

8. Interest payable and similar expenses

	Period ended 31-Mar-20	Period ended 31-Dec-18
	£	£
Interest expense on loan notes	1,007,085	1,015,087
Interest expense on bank loan	5,119	2,231
Interest on finance leases	-	4,407
	1,012,204	1,021,725

9. Staff costs

The average monthly number of employees (including executive directors) was:

	Period ended 31-Mar-20	Period ended 31-Dec-18
	Number	Number
Sales and administration	126	130

Their aggregate remuneration comprised:

	Period ended 31-Mar-20 £	Period ended 31-Dec-18 £
Wages and salaries	8,879,198	8,217,170
Social security costs	908,446	950,786
Other pension costs	230,313	176,296
Compensation for loss of office	-	213,340
	10,017,957	9,557,592

10. Directors' remuneration

The directors' aggregate emoluments in respect of qualifying services for the period were as follows;

	Period ended 31-Mar-20 £	Period ended 31-Dec-18 £
Aggregate emoluments	917,997	714,959
Pension contributions	28,365	18,628
Sums paid to third parties for directors services	70,000	80,000
Compensation for loss of office	-	213,340
	1,016,362	1,026,927
Highest paid director:		
Aggregate emoluments	308,838	182,547
Pension contributions	12,500	3,917
	321,338	186,464

11. Tax credit on loss

a) Tax credit included in profit or loss

	Pereiod ended 31-Mar-20	Period ended 31 Dec-18
Current tax:	£	£
UK Corporation Tax charge on loss for the period	1,094	31,638
Foreign tax suffered	64,462	19,680
Total current tax charge	**65,556**	**51,318**
Deferred Tax:		-
Adjustments in respect of prior periods	61,739	-
Origination and reversal of timing differences	(316,829)	(326,658)
Impact of change in tax rates	(61,739)	(93,164)
Total deferred tax	**(316,829)**	**(419,822)**
Tax credit on ordinary activites	**(251,273)**	**(368,504)**

b) Reconciliation of tax credit

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19%. The actual tax credit for the period is lower than the standard rate for the reasons set out in the following reconciliation:

	Period ended 31-Mar-20 £	Period ended 31-Dec-18 £
Loss on ordinary activities before tax	(8,189,651)	(6,967,248)
Tax on loss on ordinary activities at the standard rate 19% (2018:19%)	(1,556,034)	(1,323,777)
Effects of:		
Expenses not deductible for tax purposes	834,257	447,218
Tax rate changes	(61,739)	(93,164)
Other permanent differences	161	-
Adjustments in respect of prior periods	61,739	-
Origination and reversal of timing differences	(316,829)	-
Deferred tax not provided	787,172	601,219
Tax credit for the period	**(251,273)**	**(368,504)**

The company has unrecognised deferred tax assets of £58,353 (2018: £30,516).
The group has unrecognised deferred tax assets of £2,011,809 (2018: £1,255,418).

c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to

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apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 March 2020 was calculated at 19% (2018 - 17%).

12. *Intangible assets*

	Goodwill	Trademarks	Brand	Technology	Customer lists	Total
£	£	£	£	£	£	£
Cost						
At 1 January 2019	14,375,137	104,284	196,888	3,510,389	2,764,057	20,950,755
Additions – separately acquired	-	16,074	-	25,032	-	41,106
Additions - business combinations	54,359	-	17,000	125,000	303,000	499,359
At 31 March 2020	14,429,496	120,358	213,888	3,660,421	3,067,057	21,491,220
Accumulated amortisation and impairment						
At 1 January 2019	1,800,652	546	49,221	1,779,976	314,097	3,944,492
Amortisation charged for the financial period	1,801,345	46,224	51,543	1,720,147	336,662	3,955,921
At 31 March 2020	3,601,997	46,770	100,764	3,500,123	650,759	7,900,413
Carrying amount						
At 31 March 2020	10,827,499	73,588	113,124	160,298	2,416,298	13,590,807
At 31 December 2018	12,574,485	103,738	147,667	1,730,413	2,449,960	17,006,263

Computer software cost of £260,389 (2017: £161,130) and accumulated amortisation of £155,047 (2017: £151,417) has been reclassified from property, plant and equipment to intangible assets to better reflect the nature of the assets.

Amortisation is included within administrative expenses in the profit and loss account.

13. Tangible Fixed Assets

Group	Leasehold improvements	Fixtures and fittings	Office and computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	108,550	329,194	964,635	1,402,379
Additions – Separately Acquired	-	124,723	85,788	210,511
At 31 March 2020	108,550	453,917	1,050,423	1,612,890
Accumulated depreciation and impairment				
At 1 January 2019	13,164	315,736	832,022	1,160,922
Depreciation charged in the period	95,386	36,697	104,678	236,761
At 31 March 2020	108,550	352,433	936,700	1,397,683
Carrying amount				
At 31 March 2020	-	101,484	113,723	215,207
At 31 December 2018	95,386	13,458	132,613	241,457

Computer software cost of £260,389 (2017: £161,130) and accumulated amortisation of £155,047 (2017: £151,417) has been reclassified from property, plant and equipment to intangible assets to better reflect the nature of the assets.

Company

The company had no fixed nor intangible assets at 31 March 2020.

14. Investments

The list of subsidiaries and other related undertakings is as follows:

Name	Address of the registered office	Nature of business	Interest
Bidco Oasis Limited	Avalon House, 1 Savannah Way, Leeds, LS10 1AB, UK	Holding company	100%
Smoothwall Limited	Avalon House, 1 Savannah Way, Leeds, LS10 1AB, UK	Trading company	100%
Smoothwall Inc	1435 W. Morehead Street, Suite 125, Charlotte, North Carolina, 28208	Trading company	100%
Oval (2304) Limited	Avalon House, 1 Savannah Way, Leeds, LS10 1AB, UK	Trading company	100%
Safeguard Software Limited	Avalon House, 1 Savannah Way, Leeds, LS10 1AB, UK	Trading company	100%

All the above subsidiaries are included in the consolidation. The Company's investment in Bidco Oasis Limited is direct ownership, all other investments are indirect ownership.

Company

	Investment in subsidiary companies £
Cost and net book value	77,046
Additions	-
At 31 March 2020	77,046

The company owns the entire share capital of Bidco Oasis Limited, a company registered at Avalon House, 1 Savannah Way, Leeds Valley Park, Leeds, LS10 1AB, UK whose principal activity is the holding of investments in Smoothwall Limited and Oval (2304) Limited.

15. Inventories

	Group 2020 £	2018 £
Finished goods and stock	484,180	371,167

There is no significant difference between the replacement cost of finished goods and their carrying value.

Company

The company had no inventory at 31 March 2020.

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16. Debtors

Trade debtors are stated after provision for impairment of £831,925 (2018 - £277,721).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	Group		Company	
	As at 31-Mar-20	As at 31-Dec-18	As at 31-Mar-20	As at 31-Dec-18
	£	£	£	£
Trade debtors	2,820,645	6,326,297	0	-
Amounts owed by group undertakings	-	-	42,321	38,417
Other debtors	193,039	12,654	1,295	9,102
Corporation tax	356,761	506,583	0	-
Prepayments and accrued income	569,860	314,959	0	-
	3,940,305	7,160,493	43,616	47,519

17. Creditors: amounts falling due within one year

	Group		Company	
	As at 31-Mar-20	As at 31-Dec-18	As at 31-Mar-20	As at 31-Dec-18
	£	£	£	£
Trade creditors	1,682,930	1,495,048	12,129	3,166
Amounts owed to group undertakings	-	-	120,552	73,854
Taxation and social security	381,112	206,092	4,033	20,074
Other creditors	293,351	652,035	12,024	-
Onerous lease provision	33,365	406,426		-
Accruals	1,842,727	818,602	200,417	100,000
Deferred income	8,386,535	8,445,068	0	-
	12,620,020	12,023,271	349,155	197,094

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

18. Creditors: Amounts falling due after more than one year

	Group		Company	
	As at 31-Mar-20	As at 31-Dec-18	As at 31-Mar-20	As at 31-Dec-18
	£	£	£	£
Loans & loan notes (note 20)	13,215,124	11,164,977	-	-
Deferred tax liability	433,320	730,154	-	-
Accruals and deferred income	7,411,148	8,754,171	-	-
	21,059,592	20,649,302	-	-

19. *Deferred Taxation*

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020	Liabilities 2018	Assets 2020	Assets 2018
Group	£	£	£	£
Accelerated capital allowances	-	-	-	-
Tax losses	-	-	-	-
Deferred tax on acquired intangibles	433,320	730,154	-	-
Total Deferred Tax Liability	433,320	730,154	-	-

	Group 2020	Company 2020
Movements in the period:	£	£
Liability at 1 January 2019	(730,154)	-
Deferred tax on acquired intangibles	(81,734)	-
Credit to profit or loss	316,829	-
Remeasurement of deferred tax for change in tax rates	61,739	-
Liability at 31 March 2020	(433,320)	-

20. Loans and other borrowings

	Group		Company	
	As at 31-Mar-20	As at 31-Dec-18	As at 31-Mar-20	As at 31-Dec-18
	£	£	£	£
Bank loans	99,820	146,875	-	-
Loan notes	13,115,304	11,018,102	-	-
	13,215,124	11,164,977	-	-

Shareholder A loan notes of £7,199,504 are owed to Tenzing Private Equity I LP repayable October 2023. Interest on the loan notes is charged at 8% per annum.

Shareholder A loan notes of £1,986,070 are owed to Isfield Nominees Limited, repayable October 2023. Interest on the loan notes is charged at 8% per annum.

Shareholder A loan notes of £492,545 are owed to Lisa Stone, repayable October 2023. Interest on the loan notes is charged at 8% per annum.

Shareholder B loan notes of £239,408 are owed to Management, repayable October 2023. Interest on the loan notes is charged at 8% per annum.

Shareholder C loan notes of £953,745 were issued in the year to Tenzing Private Equity I LP repayable October 2023. Interest on the loan notes is charged at 8% per annum.

Shareholder C loan notes of £246,255 were issued in the year to Isfield Nominees Limited, repayable October 2023. Interest on the loan notes is charged at 8% per annum.

In the prior year, a bank loan was undertaken for £150,000 for the purposes of re-fitting the head office. Interest on the bank loan is charged at 4% over the base rate of interest and is for a period of 4 years from drawdown.

21. Pensions

The Group provides defined contribution schemes for its employees.
The amount recognised as an expense for the defined contribution schemes was £230,313.
Pension contributions of £60,592 relating to the year ended 31 March 2020 were unpaid at the year end.

Company
The Company had no post employment benefits at 31 March 2020.

22. Contingent liabilities

At the period end the company had no contingent liabilities.

23. Onerous lease provision

Where leasehold properties become vacant, the Group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. A provision of £406,426 was created in the prior period for the lease of the Fareham office, of which £33,365 remains at the current period end.

24. Capital commitments

At the period end the company had no capital commitments.

25. Called up share capital

	As at Mar-20	As at 31-Dec-18
	£	£
Allotted, issued, called up and fully paid:		
88,982 (2018:97,984) ordinary shares of £0.01 each	890	980
Allotted, issued, called up and unpaid:	7	
686 (2018:0) ordinary shares of £0.01 each		
Total allotted, issued and called up shares	897	980

On 25th February 2019, the company cancelled 10,524 of its ordinary shares of £0.01 each.

During the period 2,208 ordinary shares of £0.01 were issued to management for a consideration of £1 per share.

26. Commitments under operating lease

At 31 March 2020 the Group had annual commitments under non-cancellable operating leases as set out below:

	As at 31-Mar-20	As at 31-Dec-18
	£	£
Payment due:		
Within one year	144,095	143,710
Between one and five years	342,631	95,807
Greater than five years	158,452	-
	645,178	239,517

27. Reconciliation of operating loss to operating cash flows

	Period ended 31-Mar-20 £	Period ended 31-Dec-18 £
Operating loss	(7,177,447)	(5,945,523)
Depreciation and amortisation	4,192,682	3,980,912
Increase in inventories	(108,948)	(363,309)
(Increase)/Decrease in debtors	3,032,843	(1,140,352)
Increase/(Decrease) in creditors	(871,689)	1,856,186
Net cash outflow from operating activities	(932,558)	(1,612,086)

28. Related party transactions

In accordance with FRS102 "Related parties", transactions with wholly owned subsidiaries are not disclosed.

During the period, Tenzing Private Equity I LP charged the company fees of £100,000.

During the period, Tattleton Services Limited charged the group costs of £70,000 in relation to chairman's fees.

29. Ultimate controlling party

The ultimate controlling party is Tenzing PE I GP LLP, through its ownership of Topco Oasis Limited.

30. Events after the reporting period

On 12th June 2021, the Group completed the acquisition of Ensco 1227 Limited, itself the holding company for eSafe Global Limited, trading as eSafe. The acquisition was for 100% of the share capital of Ensco 1227 Limited for a total consideration of £3.8m. This was entirely funded through new loan notes issued by the company's wholly owned subsidiary, Bidco Oasis Limited, to Tenzing.

31. Business combinations

On 6 June 2019, the Group acquired control of Safeguard Software Limited through the purchase of 100% of the assets, for a total consideration of £500,000.

Management have estimated the useful life of the goodwill to be 10 years.

The adjustments arising on acquisition were in respect of the following:

The recognition of intangible assets in respect of Safeguard Software Limited's brand name, technology and customer relationships.

The revenue from Safeguard Software Limited included in the consolidated profit and loss account for the period to 31 March 2020 was £43,915. Safeguard Software Limited contributed profits of £48,083 over the same period.

Consideration at 6 June 2019	£
Cash	500,000
Directly attributable costs	-
Total consideration	**500,000**

For cash flow disclosure purposes the amounts are disclosed as follows:

	£
Cash consideration	500,000
Directly attributable costs	-
Less:	
Cash and cash equivalents acquired	(73,408)
Net cash outflow	**426,592**

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Note	Book Value	Adjustments	Fair Value
		£	£	£
Property, plant and equipment		-	-	-
Intangible assets		-	445,000	445,000
Cash and cash equivalents		73,408	-	73,408
Inventories		-	-	-
Trade and other receivables		104,119	-	104,119
Trade and other liabilities		(95,152)	-	(95,152)
Deferred tax assets/(liabilities)		(850)	(80,884)	(81,734)
Goodwill (a)		-	54,359	54,359
Total		**81,525**	**418,475**	**500,000**